



**ANNUAL MANAGEMENT'S DISCUSSION
AND ANALYSIS**

For the year ended on June 30, 2017

ABCOURT MINES INC.

ABCOURT MINES INC.

ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis provides an analysis of our exploration, valuation and exploitation results and our financial situation which will enable the reader to evaluate important variations in exploration, valuation and exploitation results and in our financial situation for the period ended June 30, 2017, in comparison with the previous period. This report supplements our audited financial statements and should be read in conjunction with our financial statements and the accompanying notes. Financial statements for the year ended June 30, 2017 were prepared in accordance with the applicable international accounting system. All monetary values included in this report are in Canadian dollars, unless it is indicated otherwise. Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our exploration, valuation and exploitation results and our financial situation.

You are invited to consult the SEDAR web site at www.sedar.com, where all the documents filed according to the applicable Canadian security Laws may be found and our web site at www.abcourt.com, where you will find a description of our mining properties.

INCORPORATION AND NATURE OF OPERATIONS

Abcourt Mines Inc. (the "Company" or "Abcourt") was incorporated by letters patent of amalgamation dated January 11, 1971 pursuant to Part 1 of the *Companies Act* (Quebec) and continued its existence under Part 1A of the same Act by certificate of continuation dated March 6, 1981. On February 14, 2011, the Company was continued automatically pursuant to the *Business Corporation Act* (Québec), following the coming into force of such Act. The Company is primarily engaged in the exploration, valuation and exploitation of mining properties. The current Company's portfolio of mining properties comprises only mining properties located in Abitibi, Province of Quebec, Canada.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A constitute forward looking statements including, without limitation, anticipated developments in the Company's operations in future periods and other events or conditions that may occur in the future. These statements are about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those mentioned herein under heading "RISKS AND UNCERTAINTIES". Management believes that the expectations reflected in those statements are reasonable but no assurance can be given that these expectations will prove to be correct. It is recommended not to place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

GLOBAL PERFORMANCE OF THE 2017 FISCAL YEAR

During the 12-month period ended June 30, 2017, the Company issued 29,597,500 shares and 12,745,000 warrants for a total value of \$2,902,750, including 3,907,500 flow-through shares, for a value of \$390,750. The exploration and valuation expenses were incurred mostly on Abcourt-Barvue. Smaller amounts were spent on the Flordin and Discovery properties. The Elder mine was in commercial production over the full year, and the value of the assets increased from \$33,574,141 in 2016 to \$37,458,247 in 2017, that is a 12% increase.

The Sleeping Giant mill was repaired and started treating the Elder ore in August 2016.

PRINCIPAL ANNUAL INFORMATIONS (audited)

Periods ended on June 30

	2017	2016	2015
Statement of comprehensive income			
Revenues	22,251,954	11,536,126	20,361
Interests and other revenues	43,785	11,175	6,035
Net profit (Net loss)	(906,486)	1,733,592	(1,013,091)
Net profit (Net loss) per share diluted	0.00	0.01	(0.005)
Statement of financial position (\$)			
Cash and term deposits	1,289,470	2,550,474	897,372
Total assets	37,458,247	33,574,141	23,577,441
Decommissioning provisions for mining sites	5,911,000	5,939,350	252,646
Mining exploration (\$)			
Exploration and evaluation assets	7,416,692	7,023,883	17,035,740

QUARTERLY INFORMATION (non-audited)

	2017 June	2016 June	2017 March	2016 March	2016 Dec.	2015 Dec.	2016 Sept.	2015 Sept.
Statement of comprehensive income (\$)								
Revenues	8,015,515	6,920,596	4,256,683	4,587,823	6,205,585	12,594	3,809,123	15,113
Interests and other revenues	2,250	4,110	2,531	3,141	2,558	2,831	1,492	1,093
Net profit (net loss)	1,039,392	1,537,118	186,215	479,130	(925,934)	(179,807)	(1,206,159)	(102,849)
Net profit (net loss) per share diluted	0.00	0.01	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)
Statement of financial position (\$)								
Cash and near cash	1,289,470	2,679,474	1,107,671	2,241,900	3,331,463	3,830,274	1,776,442	2,227,615
Total assets	37,458,247	33,574,141	37,249,683	25,600,237	37,791,888	24,922,108	36,228,483	23,385,685
Decommissioning provisions	5,911,000	5,939,350	5,871,174	271,637	5,907,044	264,977	5,930,203	258,738
Mining exploration (\$)								
Exploration and evaluation expenditures net of credits and sale gold before January 1 st , 2016	59,506	13,844	97,254	141,619	168,900	(1,357,786)	39,343	(1,274,224)

STRATEGY AND OUTLOOK

The Company is focussing on stabilizing and increasing the Elder production. This involve preparing a new working schedule to increase production to at least 10,000 tonnes per month. Also, discussions are currently taking place to use the full capacity of the Sleeping Giant mill, with custom ore, thereby reducing the operating cost per tonne treated.

For the long-term growth in the gold sector, the Company has recently started discussions with outside parties to accelerate the exploration on the Discovery and Flordin gold properties with a very good potential including substantial gold mineralization. These properties were recently acquired with the Aurbec assets.

Also, considering the very favourable zinc market, we have accelerated our search for a formula to finance the development of the Abcourt-Barvue project with important silver-zinc resources.

For any additional information, please consult our web site www.Abcourt.com and the SEDAR site www.sedar.com.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Income

Our revenues consist essentially in the sale of gold and silver. For the 12-month period ended on June 30, 2017, sales of gold and silver totaled \$22,251,954. Expenses, including mining costs, royalties, amortization and depletion, were \$21,253,330. A gross profit of \$728,624 was realized.

	2017 \$	2016 \$
EXPENSES AND OTHERS REVENUES WERE AS FOLLOW:		
Part XII.6 taxes	634	1,359
Amortization of property, plant and equipment	11,480	7,098
Professional fees	180,478	250,681
Restoration of mining sites	6,888	36,002
Interest, penalties and bank expenses	336,910	38,609
Taxes, licences and permits	5,358	749
Advertising	5,517	1,300
Software and internet	4,417	4,479
Salaries and payroll charges	228,956	85,042
Insurance	11,981	12,417
Office expenses	29,589	46,645
Accretion expense	582,000	-
	<u>1,508,853</u>	<u>552,067</u>
PROFIT (LOSS) BEFORE REVENUES	(780,229)	1,793,919
OTHER REVENUES		
Interest income	8,832	11,175
Other income	34,953	35,134
	<u>43,785</u>	<u>46,309</u>
PROFIT (LOSS) BEFORE INCOME TAXES	(736,444)	1,840,228
Income taxes and deferred taxes	170,042	106,636
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	<u>(906,486)</u>	<u>1,733,592</u>
NET INCOME (LOSS) PER SHARE		
Basic	(0.00)	0.01
Diluted	(0.00)	0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	270,143,773	230,468,623
Diluted	270,143,773	230,468,623

Comments:

A comparison between 2016 and 2017 indicates that the most important changes in expenses are found in four items, one was lower, three were higher. See next page.

In 2016, professional fees were more important than in 2017, that is \$260,681 compared to \$180,478 in 2017. In 2016, this increase is due to legal fees associated with the purchase of the Aurbec assets. In 2017, professional fees are similar to those for previous years.

In 2017, the re-assessment of tax credits by Revenu Québec, for years 2011, 2012, 2013 and 2014 was accompanied by a charge of \$319,040 in interest costs.

Also in 2017, salaries were higher as some additional office people were hired.

An amount of \$582,000 in share-based compensation was accounted for in 2017 following the granting of options to officers and directors to replace expired options. In 2016, there were no similar expenses.

NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

The net loss and comprehensive loss for 2017 was \$906,489 compared to a net income of \$1,733,592 in 2016.

Net income (loss) per share were \$0.00 in 2017 compared to a net income of \$0.01 per share in 2016.

SUMMARY OF FINANCIAL INFORMATION FOR THE FOURTH QUARTERS ENDING ON JUNE 30, 2017 AND 2016

Results for the fourth quarters ending on June 30, 2017 and 2016, were as follows:

	2017	2016
	\$	\$
Sales of gold and silver	8,013,482	6,924,736
Cost of sales	<u>6,883,118</u>	<u>5,155,464</u>
GROSS PROFIT	1,130,364	1,769,272
CHARGES	(2,743)	106,105
Mining income and deferred income	<u>97,998</u>	<u>134,680</u>
NET INCOME AND COMPREHENSIVE INCOME (1)	<u>1,039,392</u>	<u>1,528,487</u>

(1) Please note that there was a mistake in the Annual Management's Discussion and Analysis for the period ended on June 30, 2016, under the heading "Results for the 4th quarter ended on June 30, 2016, a net profit of \$1,563,167" should have read "a net profit of \$1,528,487".

Comments:

Net income and comprehensive income

After taxes, a net income and comprehensive income of \$1,039,392 in 2017 and \$1,528,487 in 2016, were made in the fourth quarter.

Sales, costs of sales and gross profit

As noted previously, our revenues come essentially from the sale of gold and silver.

For the fourth quarter of 2017, sales totaled \$8,013,482. The cost of sales, including royalties and write-offs but excluding taxes, was \$6,883,118, leaving a gross profit of \$1,130,364.

Expenses

In the fourth quarter, expenses showed a credit of \$2,743 as the cost of insurances for the Sleeping Giant mine and mill (10 x \$18,000 installments and a lump sum payment of \$40,000 at the beginning) were reclassified to cost of sales in the 4th quarter.

This reclassification of an expense from expenses to cost of sales does affect the profit. Excluding this reclassification expenses for the quarter totaled \$176,218.

STATEMENT OF CASH FLOWS

Operating Activities

During the financial periods ended on June 30, 2016 and 2017, the net change in operating activities was negative in both periods with an amount of \$850,981 in 2017 and \$607,687 in 2016.

Financing

In 2017, financing activities provided \$2,902,750 net of financing costs compared to \$1,502,587 net of financing costs in 2016.

Investment

Investing activities in 2017 and 2016 are compared as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Tax credit related to resources and mining duties received	84,487	5,997
Deposit for restoration of Elder mining site	(120,168)	(120,168)
Acquisition of property, plant and equipment	(3,010,905)	(2,442,378)
Acquisition of exploration and evaluation assets	(395,187,)	(9,914,050)
Gold and silver sales	-	13,211,801
	<hr/>	<hr/>
	(3,441,773)	(741,202)

Comments on Investment:

Please note that some tax credits related to resources and mining duties were received.

In 2015, a first deposit (\$240,336) was made for the restoration of the Elder mine site. In 2016 and 2017, additional deposits of \$120,168 were made in each year.

As commercial production started on January 1, 2016, the cost of acquisition of exploration and evaluation assets for the previous six-month (July to December 2016) were \$9,914,050. They were offset by \$13,211,801 in sales. In 2017, there were only \$395,187 spent on exploration and evaluation assets, compared to \$9,914,512 in 2016, before commercial production.

Cash, end of period

The end of year cash in 2017 was \$1,289,470 compared to \$2,679,474 in 2016. In 2017, the cash was lower, but receivables were much higher.

In 2017, receivables consisted mainly in amounts to receive from Auramet from the sale of gold and silver (\$2,334,602) at the end of the 4th quarter. These receivables are considered as very liquid.

In 2017, if we consider the receivables from Auramet, available funds are adequate to cover current needs totaling \$3,917,116. On June 30, 2017, current liabilities totaled \$3,885,631.

EXPLORATION AND EVALUATION ASSETS

Mining properties

During the 12-month period ended on June 30, 2017, the value of mining properties increased by \$30,094.

Exploration and valuation assets

Details on exploration and valuation expenses are given in note 8 of the financial statement. See a summary below:

	Balance as at June 30, 2016	Addition 2017	Tax credits adjustment	Mining duty adjustment	Balance as at June 30, 2017
	\$	\$	\$	\$	\$
Abcourt-Barvue, Qc	4,223,187	330,402	(9,247)	6,790	4,551,132
Vendôme, Qc	204,176	422	-	9	204,607
Aldermac, Qc	702,572	3,240	-	69	705,881
Flordin-Discovery, Qc	-	31,029	-	-	31,029
	<u>5,129,935</u>	<u>365,093</u>	<u>(9,247)</u>	<u>6,868</u>	<u>5,492,649</u>

The 2017 exploration and evaluation expenses totaled \$365,093 compared to \$9,977,512 in 2016 incurred before the start of commercial production.

Details on exploration and valuation expenses

For the years ended June 30, 2017 and 2016, the following expenses, associated to the discovery of mineral resources, have been included in the cost of exploration and evaluation expenses.

	2017	2016
	\$	\$
Works at surface :		
Drilling	118,553	192,842
Assays	26,994	18,419
Electricity	14,446	15,388
Insurance, taxes and permits	5,445	9,226
Fees and engineers expenses	186,745	127,522
General exploration and evaluation expenses	<u>12,910</u>	<u>32,680</u>
Subtotal	<u>365,093</u>	<u>396,077</u>
Underground works:		
Exploration and evaluation expenses of Elder project	-	9,150,179
Royalties	-	349,713
Amortization of equipment	-	81,543
Sale of gold and silver ingots	<u>-</u>	<u>(12,433,061)</u>
Subtotal	<u>-</u>	<u>(2,851,626)</u>
Increase (decrease) of exploration and evaluation expenses (at surface and underground)	365,093	(2,455,549)
Mining duty adjustment	6,868	-
Tax credit related to resources	(9,247)	(21,000)
Transfer in property, plant and equipment of Elder Mine	-	(7,335,617)
Balance, beginning of year	<u>5,129,935</u>	<u>14,942,101</u>
Balance, end of year	<u>5,492,649</u>	<u>5,129,935</u>

Details on the two most important items of exploration and evaluation expenses for the year ended June 30, 2017:

In 2017, the two most important items were:

Drilling	=	\$118,553
Fees and engineer expenses	=	\$186,745

STATEMENT OF FINANCIAL POSITION

Total assets increased substantially from \$33,574,141 at June 30, 2016, to \$37,458,247 at June 30, 2017. This increase appears first in receivables (+ \$2,088,732) and secondly in property, plant and equipment (+ \$3,453,347).

In 2017, accounts payable and accrued liabilities increased substantially by an amount of \$1,346,705 if compared to 2016. The increase in accounts payable and accrued liabilities comes mainly from sums due to governments. In 2017, amounts due to government amounted to \$1,357,156, compared to \$263,486 in 2016. The increase is explained by the new notices of assessment received from Revenue Québec for the years 2011 to 2014. Revenue Québec requests a re-imburement in part, or totally, of tax credits related to resources received by the Company for years 2011 to 2014 for an amount of \$1,466,680 plus interests totaling \$319,040. The Company has filed notices of opposition. In 2017, the Company has reimbursed \$879,666. An amount of \$906,054 is included in the amounts due to governments. Accounts payable and accrued liabilities are detailed in note 10 of the Financial Statements, at page 38.

An amount of \$1,357,156 is due to governments, most of it (\$906,053) results from the re-assessment of tax credits by Revenue Québec for years 2011 to 2014.

The cash position decreased from \$2,679,474 in 2016 to \$1,289,470 in 2017, but receivables increased substantially.

INCORPORATION, ACTIVITIES AND CONTINUITY OF EXPLOITATION

Abcourt Mines Inc. was constituted by letters patent of amalgamation in January 1971 and continued its existence under Part 1A of the Quebec Companies Act in March 1981. On February 14, 2011, the Company was automatically continued under Business Corporations Act (Quebec) following the entry into force of this law. The Company is engaged in the acquisition, exploration and exploitation of mining properties in Canada. Its shares are trading on TSX Venture Exchange under the symbol ABI, on the Berlin Stock Exchange under the symbol AML-BE and on the Frankfurt Exchange under the symbol AML-FF. The address of the Company's head office is: 506, des Falaises, Mont-St-Hilaire, (Quebec) J3H 5R7.

These financial statements were approved by the Board of Directors on October 30, 2017.

BASIS OF PRESENTATION AND COMPLIANCE DECLARATION

The current annual audited financial statements of Abcourt Mines Inc., were prepared by management in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the IASB and in accordance with IAS 34, *Interim Financial Reporting*.

For additional information concerning the accounting policies, please consult notes 2 and 3 of the annual, audited, financial statements dated June 30, 2017 (pages 9 to 27).

BASIS OF MEASUREMENT

The financial statements have been prepared according to historical costs.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The Corporation provides information on its exploration and valuation assets in its financial statements for the twelve-month period ending on June 30, 2017.

The Corporation has no deferred expenses other than mining properties and deferred exploration and valuation assets.

The Corporation has no research and development expenses.

CONTRACTUAL OBLIGATIONS

Long-term Debt

The Company has no long-term debt.

Provisions for decommissioning mining sites:

	2017	2016
	\$	\$
Balance, beginning of year	5,939,350	252,646
Changes to estimates	(63,949)	207,439
Provision related to the Sleeping Giant assets (1)	-	5,454,000
Accretion expense	35,599	25,265
Balance, end of year	5,911,000	5,939,350

(1) See note 4 of the Financial Statements

The rate used to determine the future value is 1.8% (1.2% in 2016), while the rate reflecting the current market assessments used to determine the present value of the provisions varies between

1.1% and 1.38% (0.55% and 1.12% in 2016). The payments schedule was determined by taking into account the measured and indicated resources, the estimated annual production level and the estimated mine life. The changes to estimates was accounted for as property, plant and equipment.

The following table sets forth the estimated *undiscounted* cash flows of future retirement costs used in the calculation of the asset retirement obligations for the years ended June 30, 2017 and 2016:

	\$
Elder Mine	480,670
Sleeping Giant Mine	<u>5,370,214</u>
	<u>5,850,884</u>

The following table sets forth *discounted* provisions for decommissioning mining sites, for the years ending June 30, 2016 and 2017:

	<u>2017</u>	<u>2016</u>
Elder Mine	\$ 492,000	\$ 485,350
Sleeping Giant Mine	<u>\$ 5,419,000</u>	<u>\$ 5,454,000</u>
	<u>\$ 5,911,000</u>	<u>\$ 5,939,350</u>

The closure cost of the Elder mine site is being re-evaluated presently and the closure cost of the Sleeping Giant mine site will be revised before December 30, 2017. On August 2016 and 2017, the Company had to deposit a total of \$1,006,915, that is an amount of \$671,277 in 2016 and \$335,638 in 2017. The Company did not deposit these amounts. Management considers that the Elder tailings could reduce the cost of restoration of the tailings pond of the Sleeping Giant mine. The revised plan that has to be deposited before December 2017 will take these new elements into account.

Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
	\$	\$
Accounts payable	851,092	1,027,310
Royalties payable	837,386	603,320
Salaries and holidays payable	576,512	381,325
Due to Governments	<u>1,357,156</u>	<u>263,486</u>
	3,622,146	2,275,441

As explained previously, the amount due to Government is mostly a balance due on the reassessment of tax credits for the years 2011 to 2014 and the interest on that debt.

Royalties excluding mining tax

<u>Property</u>	<u>Royalty</u>
Elder	2 to 3% NSR
Barvue	\$0.25 per short ton on former Barvue property and 1 to 1.5% NSR on some other claims
Vendome	2% NSR on Xstrata claims
Abcourt	0
Tagami	1 to 2% NSR
Jonpol	2.5% NSR
Aldermac	\$2.00/t for 1.5 M t
Aldermac West	2% NSR
Sleeping Giant	\$5.00 / tonne for 350,000 tonnes

Environment

A settling pond on the Abcourt-Barvue property was restored during the 2005-2010 years. We also installed a water treatment plant to treat a small leachate produced by the restored basin. Restoration expenses were \$6,888 in 2017 and \$36,002 in 2016.

OFF BALANCE SHEET ARRANGEMENTS

The Company did not enter into any arrangements off balance sheet.

CAPITAL STOCK

Authorized

Unlimited number of preferred shares without par value which may be issued in one or more series; the privileges, rights, conditions and restrictions will be determined by the Board of Directors (none are outstanding).

Unlimited number of subordinate class “A” shares, without par value, non-voting (none outstanding).

Unlimited number of class “B” shares, without par value, voting.

Changes in Company class “B” capital stock were as follows:

	2017		2016	
	Number	Amount \$	Number	Amount \$
Balance, beginning of year	247,080,719	39,518,223	220,655,219	38,082,322
Paid in cash (1)	25,490,000	2,261,347	14,464,000	679,416
Flow-through shares(2)	3,907,500	332,000	4,934,500	222,052
Warrants exercised (3)	-	-	7,027,000	534,433
Balance, end of year	276,678,219	42,131,970	247,080,719	39,518,223

As at June 30, 2017 and as at June 30, 2016, shares issued were fully paid.

- (1) Value of capital stock paid in cash is presented net of the fair value of warrants amounting to \$262,453 (\$43,784 as at June 30, 2016).
- (2) Value of flow-through shares is presented net of premium related to the sale of tax deductions amounting to \$58,750 (\$74,018 as at June 30, 2016).
- (3) Value of capital stock issued from the exercise of the share purchase options include an amount of \$6,400 which represent which represent the fair value of the options exercised.
- (4) As at June 30, 2016, the value of capital stock issued from the exercise of warrants include an amount of \$42,543 which represent the fair value of the warrants exercised.

For more details regarding the issue of shares, warrants and options and comparatives with 2016, please see the Financial Statements from page 41 to 48.

EARNING (LOSS) PER SHARE

	2017	2016
	\$	\$
Net income (loss) attributable to shareholders	(906,486)	1,733,592
Weighted average number of common shares outstanding - basic	270,143,773	230,468,623
Diluted effect of share purchase options and warrants	-	-
Weighted average number of common shares outstanding - diluted	<u>270,143,773</u>	<u>230,468,623</u>
Basic earnings (loss) per share	<u>(0.00)</u>	<u>0.01</u>
Diluted earnings (loss) per share	<u>(0.00)</u>	<u>0.01</u>

Convertible securities

None

Escrowed shares

None

Subsequent event

None.

Contingent liabilities

For details on contingent liabilities, please see the Financial Statements on page 49.

Commitments

As of the date of this report, there is no commitment, except for the restoration plans of the Elder and Sleeping Giant mine sites and the agreement with Auramet for the sale of gold and silver.

Related party transactions

All details are given in the Financial Statements on pages 52 and 53.

FINANCIAL INSTRUMENTS

Fair value

Financial instruments recognized at fair value on the statements of financial position must be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurement, the fair value hierarchy levels are as follow:

Level 1: quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs other than quoted prices included in level 1, that are either directly or indirectly observable;

Level 3: valuation techniques with significant unobservable market inputs.

The fair value of financial assets and financial liabilities were measured using Level 2 inputs in the fair value hierarchy.

Cash, receivables (excluding sales taxes to receive) the accounts payables and accrued liabilities (excluding salaries, payroll burdens and amounts due to governments) are accounted for with an approximative fair value considering their short term maturity.

Cash, receivables (excluding sales tax receivable) and accounts payable and accrued liabilities (excluding wages and benefits payable as well as due to governments), are accounted for at amounts approximating fair values due to the immediate or short-term maturities of these financial instruments

Exposure and management of risk

The Company's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

The Company is exposed to the following three types of market risks: interest rate risk, commodity price risk and foreign currency risk.

a-1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is also exposed to fluctuations of interest rates for its cash. The exposure to fluctuations of interest rates is not significant.

Interest rate movements may affect the fair value of the fixed interest financial assets. Because these financial assets are recognized at amortized cost the fair value variation has no impact on profit or loss.

The Company does not use financial derivatives to decrease its exposure to interest risk.

a-2 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Exposure to currency exchange rates arises from revenues from the sale of precious metals and purchases that the Company carries out abroad. All of the Company's precious metal revenues are either earned in or based on U.S. dollars, while the majority of its operating costs are in Canadian dollars.

The price of gold is established in US dollars; to manage its exposure due to the fluctuation of the US dollar, the Company can occasionally enter into various types of foreign exchange contracts. During the year, the Company did not enter into any forward exchange contracts. At June 30, 2017 and 2016, assets and liabilities denominated in US dollars are not significant.

A sensitivity analysis was performed on net earnings and equity in regards to the US dollar/ Canadian dollar exchange rate. In assuming that all other variables being constant, a $\pm 6\%$ (8% in 2016) change of the US dollar / Canadian dollar exchange rate for the reporting period ended June 30, 2017, would have had a $\pm \$1,331,844$ ($\$4,850,396$ in 2016) net earnings and equity impact.

The exchange rate changes have been determined based on the average market volatility in exchange rates in the preceding twelve months.

a-3 Commodity price risk

The Company's earnings are directly related to commodity prices as revenues are derived principally from the sale of gold. For its gold production, the Company can reduce its risk of a decrease in the price of gold through the occasional use of forward sales contracts and put and call options. The risk related to fluctuation of gold price is unchanged from the previous years. In 2017 and 2016, the Company did not enter into any hedging contracts for its gold production.

A sensitivity analysis was performed on net earnings and equity to movements in the price of gold. In assuming that all other variables being constant and taking into account the average exchange rate for the corresponding year, a $\pm 10\%$ in the average selling price of gold realized (\$US per ounce) for the reporting period ended June 30, 2017, would have had a $\pm \$2,271,078$ net earnings and equity impact.

b) Credit risk

Credit risk is the risk that a party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. Financial instruments which potentially expose the Company to credit risk mainly consist of cash and receivables. The carrying value of these financial instruments represents the Company's maximum exposure to credit risk and there has been no significant change in credit risk since prior year. The receivables are mainly Auramet account receivable following the sale of gold ingots at year end, as such the exposure to credit risk for the Company's receivables is considered low. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Therefore, the Company does not expect any treasury counterparties to fail in respecting their obligations

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has sufficient financing sources. The Company establishes budgets to ensure it has the necessary funds to fulfill its obligations. Accounts payable and accrued liabilities are due in the next financial year. As at June 30, 2017, Company's liquidities amount to \$1,289,470 of which approximately \$239,983 is reserved for exploration and evaluation of mining projects. In addition, the Company's working capital is amounting to approximately \$3,350,259 as at June 30, 2017. Taking into account the available cash situation, management considers that the funds are sufficient to meet its financial liabilities and future financial liabilities from its commitments.

POLICIES AND PROCESSES FOR MANAGING CAPITAL

As at June 30, 2017, the capital of the Company consists of equity amounting to \$27,661,616. The Company's capital management objective is to have sufficient capital to be able to meet its exploration and evaluation plan in order to ensure the growth of its activities. It has also the objective to have sufficient cash to finance its operations, the exploration and evaluation expenses, the investing activities and the working capital requirements.

There was no significant change in the Company's approach to capital management during the period ended June 30, 2017. The Company is subject to regulatory requirements related to the use of funds obtained by flow-through shares financing. These funds have to be incurred for eligible exploration and evaluation expenses. During the year, the Company has respected all of these regulatory requirements. Other than the use of funds obtained by flow-through shares financing, the Company is not subject to any externally imposed capital requirements.

SEGMENT INFORMATION

The Company operates a gold mine in Quebec and has several exploration and evaluation properties in the area. These operating sites are managed separately. The Company assesses the performance of each segment based on earnings before taxes. Accounting policies for each segment are the same as those used for the preparation of the financial statements.

There was no difference in 2017 compared to the annual financial statements of 2016 on the basis of segmentation or the basis of evaluation of segment results.

MINING PROPERTIES

Abcourt Mines Inc. owns the following properties:

- A gold mine in operation on the Elder and Tagami properties located near Rouyn-Noranda, Quebec, Canada;
- An advanced silver-zinc project on the Abcourt-Barvue and Vendome properties located at Barraute, near Val-d'Or, Quebec, Canada;
- The Aldermac property located near Rouyn-Noranda, Quebec, Canada, an underground mine with historical resources in copper – zinc – silver - gold.
- The Jonpol property located near Amos, Quebec, Canada with historical resources in copper – zinc – silver - gold.

Since June 17, 2016, Abcourt also owns the following properties in Abitibi, Quebec, Canada:

- The Sleeping Giant mine located half-way between Amos and Matagami, and a gold mill with a 700 to 750 tonnes per day capacity. Historical, measured, indicated and inferred gold resources have not been checked yet by Abcourt and cannot be reported;
- Two properties at an advance stage of exploration and valuation, the Discovery and the Floridin properties, located near Quevillon, Quebec, Canada. Again, measured, indicated and inferred gold resources reported previously, have not been checked by Abcourt and cannot be reported;
- Several other properties.

Here is some information on each property:

THE ELDER MINE

The Elder mine is owned 100% by Abcourt. This mine is conveniently located inside the mining community of Rouyn-Noranda, Quebec, just six miles (ten km) northwest from the town center. The property comprises 34 contiguous claims and a mining concession covering an area of 876 hectares. Royalties of 2% to 3% are payable on different parts of the property.

The surface plant includes an office, a service building, a hoist room and a shaft building. The mine is serviced to a depth of 794 meters (2,606 feet) by two shafts and several drifts on 16 levels. Almost all of the mining equipment is available and all the facilities are in place.

The ore in vein no. 1 is found in several quartz veins generally striking N-40°-E on surface but east-west at a depth of 305 meters (1,000 feet) in the mine and dipping on the average at 22° to the south-east, with the exception of the vein no 4 which is striking north-south and dipping 22° to the east. The CDR vein is located 4,500 feet (1,377 m) south of vein no. 1.

Between 1984 and 1989, a total of \$23 M was spent on this property by the Aunore Resources Inc – Nova Beaucage Mines Limited joint venture. The surface plant was installed and the necessary equipments were purchased. The mine was dewatered, 4,268 meters (14,000 feet) of old drifts were rehabilitated, the shaft was deepened 15 meters (50 feet), new stations were established on three upper levels, in no 2 shaft, that is the 4th, 5th and 6th levels, an ore pass and a waste pass system with loading pockets was established, 142 surface and 75 underground diamond drill holes were

drilled, approximately 2,134 meters (7,000 feet) of new drifts were excavated, ventilation raises were driven and a few stopes were started. Approximately 13,200 metric tonnes of ore with a grade of 0.198 oz/mt of gold were extracted. Following a drop in the price of gold, the mine was closed and almost all mining equipment was sold, except important pieces of equipment like the hoist, compressors and the electrical distribution system.

From 1995 to 2012, several surface drilling programs were completed and results obtained were used to revise the 43-101 resources. Also, all the old historic data were converted to the metric system. The revision of resources was completed by Mr. Jean-Pierre Bérubé, P. Eng. Mr. Bérubé is a qualified, independent person. This report is available on SEDAR.

Here are the results of the 2012 calculations:

Table 1a – Measured and indicated resources at Elder and Tagami

ZONE	MEASURED			INDICATED			MEASURED + INDICATED			GOLD OUNCES
	TONNES (metric)	GRADE (g/t)	WIDTH (m)	TONNES (metric)	GRADE (g/t)	WIDTH (m)	TONNES (metric)	GRADE (g/t)	WIDTH (m)	
ELDER	512,739	6.68	2.20	671,139	6.50	2.16	1,183,878	6.58	2.18	250,341
CDR	-	-	-	4,172	16.49	2.50	4,172	16.49	2.50	2,213
TAGAMI	-	-	-	<u>173,162</u>	<u>6.54</u>	<u>2.10</u>	<u>173,162</u>	<u>6.54</u>	<u>2.10</u>	<u>36,391</u>
TOTAL ALL	<u>512,739</u>	<u>6.68</u>	<u>2.20</u>	<u>848,473</u>	<u>6.55</u>	<u>2.10</u>	<u>1,361,212</u>	<u>6.60</u>	<u>2.14</u>	<u>288,945</u>

Table 1b – Inferred resources at Elder and Tagami

ZONE	TONNES (metric)	GRADE (g/t)	WIDTH (m)	GOLD OUNCES
ELDER	412,668	5.76	1.92	76,392
CDR	50,248	5.15	1.83	8,328
TAGAMI	<u>175,384</u>	<u>5.69</u>	<u>1.68</u>	<u>32,106</u>
TOTAL ALL	<u>638,300</u>	<u>5.70</u>	<u>1.85</u>	<u>116,826</u>

Later in 2012, based on these resources estimate (NI 43-101), a preliminary economic assessment report (PEA) was prepared to determine if additional exploration work was needed to increase resources before considering mine development before production, or not. This report is available on SEDAR.

This 43-101 study prepared by Roche Ltd., Consulting Group (Roche) and independent consultants, indicated that enough resources were available to continue with our exploration and valuation work.

Commercial production started on January 1, 2016 and results obtained are as follow:

Results obtained in the first six-month period of commercial production, from January to June 2016:

Description	3 months to Mars 31, 2016	3 months to June 30, 2016	6 months to June 30, 2016
Tonnes treated	20, 167	32,095	52 262
Tonnes broken in stopes	25,189	21,042	48 593
Extracted tonnes	25,465	23,404	48 869
Gold ounces produced	2,742	4,656	7 399
Gold recovery	96.1 %	95.2 %	95,7 %
Revenues from sale of gold, silver and other	\$4,622,565 \$229.21 / t	\$6,924,736 \$216.76 / t	11 547 301 \$ 220,95 \$ / t
Price of gold sold	\$1,685 CAN \$1,267 US	\$1,487 CAN \$1,157 US	1 561 \$CAN 1 198 \$US
Production costs including royalties, write-offs and expenses before taxes	\$4,132,620 \$204.92 / t \$1,507 CAN / on \$1,132 US / on	\$5,261,569 \$163.94 / t \$1,130 CAN / on \$879 US / on	9 394 189 \$ 179,75 \$ / t 1 270 \$CAN / on 974 \$US / on
Net profit after taxes	\$404,945	\$1,563,167	\$1,968,112
Mining taxes	\$85,000	\$100,000	\$185,000
Income tax	-	-	-
Cash at end of period	\$2,078,900 \$	\$2,550,474	\$2,550,474

Over the sixth-month period ended June 30, 2016, gold was sold at an average price of Can\$1,561 (US\$ 1,198) per ounce and production costs before taxes were Can\$ 1,270 per ounce (US\$ 974 per ounce). All ore was treated at the Camflo mill owned by Richmond Mines Inc. During that period, the mill treated an average of 8,710 tonnes per month and the mine produced 8,145 tonnes per month.

Results obtained in the following six-month period, from July 1 to December 31, 2016:

Description	3 months to Sept. 30, 2016	3 months to Dec. 31, 2016	6 months to Dec. 31, 2016
Tonnes treated	18,714	30,738	49,452
Tonnes treated	2,362	3,566	5,928
Gold recovery	96.10 %	95.20 %	95,70 %
Sale of gold, silver and others	3,799,516 \$	6,185,233 \$	9,985,749 \$
Price of gold sold, per ounce	1,609 \$CAN 1,217 \$US	1,734 \$CAN 1,312 \$US	1,684 \$CAN 1,274 \$US
Cash costs (\$ / ounce)	2,769 \$ 2,095 \$US	1,358 \$ 1,028 \$US	1,676 \$ 1,302 \$US
Sustaining costs (\$ / ounce)	952 \$ 720 \$US	223 \$ 169 \$US	342 \$ 259 \$US
All-in sustaining costs (\$ / ounce)	3,721 \$ 2,816 \$US	1,582 \$ 1,197 \$US	2,063 \$ 1,561 \$US
Gold and silver inventory ready to be sold	1,439,619 \$	154,295 \$	154,295 \$
Gold and silver inventory in the circuit	1,542,996 \$	1,383,921 \$	1,383,921 \$
Total inventory	2,982,615 \$	1,538,216 \$	1,538,216 \$
Net profit (loss) after taxes	(1,206,159) \$	(925,934) \$	2,132,093 \$
Mining taxes	34,000 \$	53,424 \$	87,424 \$
Deferred taxes	(10,000) \$	(22,248) \$	(32,248) \$
Cash, end of period	2,168,900 \$	3,331,463 \$	3,331,463 \$

Comments on the results obtained from July to December 2016

From July 1 to August 14, 2016, all ore from the Elder mine was hauled and stockpiled at the Sleeping Giant mill site. During that period, some important repairs were made in the mill and the milling of the Elder ore started on August 15, 2016. As the mill operated only from August 15 to December 31, 2016, the tonnage of ore treated in the mill was lower than it was for the previous quarter ending on June 30, 2016, that is 18,697 tonnes compared to 32,095 tonnes. The repair work in the mill not only delayed the milling of the Elder ore, but increased costs substantially and this was reflected in the results. The delay in the start-up of the mill was not unexpected. The mill was closed for two years following the bankruptcy of the previous owner and the latter did not spend enough on mill maintenance. Now, this mill is running normally and treating the Elder ore. As there is normally one month of delay between the mining of the ore and the sale of gold, the proceeds from the sale of gold and silver for the first quarter represented only 78% of the value of the mine production. Please note that the inventories increased by \$2,5 M. As the inventories are valued at the lowest of costs or the net value of sale, they do not produce any profits. Administration costs increased substantially, mainly by the value of the options granted to management, to replace options that had expired. This so-called expense which accounts for 50% of the first quarter loss is punctual and non-recurring.

From October to December 2016, 30,738 tonnes were treated at the Sleeping Giant mill. The recovery was 96.2%. The average cash cost was \$1,358 Can (US\$1,020). The all-sustaining cost was \$1,554 Can (US\$ 1,167). A net loss of \$925,934 was realized. Lower grade in the ore, insufficient tonnes produced and high interests costs associated to new assessment of taxes by Revenu Québec explain this loss.

Results obtained from January to June 2017:

Description	3-month March 31,2017	3-month June 30,2017	6-mon June 30, 2017
Tonnes treated	25,424	23,277	48,701
Ounces of gold sold	2,614	4,779	7,394
Gold recovery	96.28%	97.58%	96.86%
Sales of gold, silver and others	\$4,253,722	\$8,013,482	\$12,267,204
Price of gold sold, per ounce	\$1,627 CAN \$1,231 US	\$1,677 CAN \$1,262 US	\$1,659 CAN \$1,249 US
Cash costs (\$/on)	\$1,367 CAN \$1,034 US	\$1,386 CAN \$1,043 US	\$1,379 CAN \$1,038 US
Sustaining costs (\$/on)	\$486 CAN \$368 US	\$88 CAN \$67 US	\$229 CAN \$172 US
All-in sustaining costs (\$/on)	\$1,853 CAN \$1,402 US	\$1,474 CAN \$1,109 US	\$1,608 CAN \$1,211 US
Gold and silver inventory ready to be sold	\$1,120,718	\$32,652	\$32,652
Gold and silver inventory in the circuit	\$1,674,993	\$1,497,364	\$1,497,364
Total inventory	\$2,795,711	\$1,530,016	\$1,530,016
Net profit (loss) after taxes	\$186,215	\$1,039,392	\$1,225,607
Mining tax	\$30,868	\$107,135	\$138,003
Deferred taxes	(\$14,000)	(\$9,137)	(\$23,137)
Cash changes from operations	(\$970,773)	\$593,582	(\$377,191)
Cash, end of period	\$1,107,671	\$1,289,470	\$1,289,470

Comments on results from January 1st to June 30, 2017:

In the 3rd quarter (January to March 2017), the net profit was \$186,215 and in the 4th quarter, a net profit of \$1,039,392 was made.

After losing \$2,132,093 during the first six months of the reporting period, a net profit of \$186,215 was made during the quarter ending on March 31, 2017. This improvement was realized in the 3rd quarter with a production of 9,160 tonnes per month at the Elder mine with a grade of 4.65 g/t of gold (in March, the grade was 5.41 g/t of gold) compared to 7,749 tonnes per month with a grade of 4.46 g/t of gold in the previous six-month period.

The net profit for the 3rd quarter was affected negatively by a large inventory of gold and silver at a cost of \$2,795,711. Part of this gold was ready to be sold and it was effectively sold early in April. The other part was in the mill circuit, as indicated above.

In the fourth quarter (April to June 2017), the average cash costs remained about the same, but sustaining costs were much lower.

The sale of all the available gold in inventory on June 30, 2017, contributed substantially to the increase in profits.

Non-GAAP Financial Performance Measures

This management's discussion and analysis presents certain financial performance measures, total cash costs per ounce of gold produced, sustaining costs and all-in sustaining costs per ounce of gold produced which are non-International Financial Reporting Standards (IFRS) performances measures. This data may not be comparable to data presented by other gold producers. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS.

The cash costs and all-in sustaining costs are common performance measures in the gold mining industry. The Company reports cash cost per ounce based on ounces produced. Cash cost include operating mining costs, royalties but is exclusive of amortization and depletion and sustaining capital expenditures. The all-in sustaining costs include costs of sales and sustaining capital expenditures and administrative costs but excludes amortization and depletion and accretion expenses. The Company believes that the all-in sustaining costs present a complete picture of the Company's operating performance or its ability to generate free cash flows from its operation.

ACQUISITION OF THE SLEEPING GIANT MINE AND MILL

On June 17, 2016, Abcourt completed the acquisition of the Sleeping Giant mine and mill and several other properties with excellent showings of gold.

Sleeping Giant mine and its mill (the "Property") is located half way between Amos and Matagami, in Abitibi, Québec, in the territory covered by the Plan Nord of the Quebec government. The

property was acquired from Deloitte Restructuring Inc, acting solely as court-appointed receiver (the “Receiver”) for the Aurbec Mines Inc’s assets. The purchase price was \$2,548,727.

Among the assets that Abcourt has acquired, there is a mill with a capacity of 700 to 750 tonnes of ore per day, or 250,000 tonnes per year. This capacity is adequate to treat the Elder and the Sleeping Giant production. The process is carbon in pulp. There are also installations to deposit the mill tailings, underground infrastructures including two shafts and drifts, a mechanical shop, offices, a store, dries and mining equipment, surface installations, an important inventory of parts, five (5) mining leases and forty (40) adjacent cells and several other exploration properties.



Surface plant of the Sleeping Giant mine

Resources

In 2013, InnovExplo produced a 43-101 resource calculation for Aurbec Mines Inc, using the following criteria:

Cut-off grade = 6.5 grams / tonne of gold

Specific weight = 2.85 grams / cm³

High values reduced to = 60 grams / tonne of gold in diamond drill holes and
55 grams / tonne of gold for samples taken in the mine.

It indicates that the grade is superior to the grade mined in Abitibi, but as these resources are not considered current by the Company, the Company is therefore prohibited under Canadian Securities regulations to publish these results including those which were NI 43-101 compliant.

Restart of the mill and mine

The mill was started on August 15, 2016 and the mine will be re-opened as soon as rehabilitation is completed, probably in 2018.

ABCOURT-BARVUE PROJECT

The Abcourt-Barvue property is conveniently located at Barraute, 60 kilometers (35 miles) north the mining community of Val-d'Or, Quebec. It covers 5,865 hectares with 103 claims and two (2) mining concessions held 100% by Abcourt.

In 1950, zinc was discovered on surface on the Barvue claims. The mine was operated from 1952 to 1957 with an open pit by Barvue Mines Limited and from 1985 to 1990 with an underground operation by Abcourt Mines Inc.

From 2002 to 2007, several drilling programs, technical and environmental studies were completed or were done to provide data for a feasibility study and to support our applications for permits. Subsequently, various alternatives were considered to improve the profitability of this project.

Resource calculation and feasibility study 2006 - 2007

In May 2006, a revision of the Abcourt-Barvue resources was completed by an independent qualified person, Mr. Jean-Pierre Bérubé, P.Eng., consultant for MRB & Associates of Val-d'Or, Québec, Canada. This revision was made according to NI 43-101 Standards. This report is available on SEDAR.

Genivar, Limited Partnership of Quebec City and Bumigeme of Montréal, completed a feasibility study, which was published in February 2007. With this feasibility study, almost all the resources were converted into proven and probable ore reserves. This report is available on SEDAR.

The mining plan involves the extraction of 77% of the ore from an open pit and the treatment of this ore in a mill built on the mine site with a capacity of 1,750 tonnes per day for a total of 650,000 tonnes per year.

The amount needed for the opening of the Abcourt-Barvue mine, according to the scenario proposed in the 2006 feasibility study, is \$71M, including working capital. However, we have assessed several other scenarios since that time (not 43-101) with costs between \$46M and \$70M. Before starting this project, we have to choose the best scenario as a function of metal prices and update the feasibility study. The start of this project depends on the availability of funds.

New resources calculations in 2014

A 43-101 report on the Abcourt-Barvue resources was prepared by Mr. Jean-Pierre Bérubé, engineer and independent consulting geologist with pertinent experience in this field. This report indicates an increase in indicated and inferred resources in comparison with those of 2006. This report was filed on SEDAR. Here is a comparative table of resources in all categories:

Table 1. Resources of all categories

CATEGORY	2014 Estimate			2006 Estimate		
	TONNES	Ag (g/t)	Zn (%)	TONNES	Ag (g/t)	Zn (%)
Measured	6,284,000	43.98	3.09	6,516,000	58.32	3.33
Indicated	1,799,000	95.51	2.94	503,000	98.35	3.44
M + I	8,083,000	55.45	3.06	7,019,000	61.19	3.33
Inferred	2,037,000	114.16	2.89	1,506,000	120.53	2.98

If the open pit outlines designed in 2007 by GENIVAR remain unchanged, it is estimated that 77% of the measured and indicated resources will be extracted from an open pit and 23% from underground operations.

The increase in tonnage between the 2006 estimate and the 2014 estimate was brought about by additional diamond drilling in 2010 and 2011 and by a substantial increase in the price of silver which enabled us to use a lower cut-off grade.

The measured resources are generally extending from surface to a maximum depth of 165 meters. The indicated resources are generally located in the immediate extensions of the measured blocks from elevation -125 to -300 meters.

2014 – 2015 diamond drilling program

During the 2014 – 2015 fiscal period, two holes for a total of 558 meters were drilled on surface in the eastern and western part of the property and at depth on mining concession 393. Low grade mineralization was found. Expenses incurred totaled \$165,275 mainly for diamond drilling and for the restoration of the site.

Diamond drilling 2015 - 2016

During the month of October and November 2015, nine holes were drilled on surface for a total of 2,148 meters. Five holes, AB15-03 to AB15-07 were drilled at depths of about 250 meters in the central part of the Abcourt zone, to upgrade inferred resources into indicated resources. Good values over interesting widths were cut by four out of five holes in this area. Besides, three holes were drilled at depths of about 150 meters at the eastern limit of the Barvue zone to upgrade inferred resources into indicated resources. Again, good values over substantial widths were cut.

See table on next page.

2015 drilling

Hole No.	From m	To m	Length m	Ag g/t	Zn %
AB-15-03	240.0	249.0	9.0	92.01	5.81
AB-15-04	318.0	322.0	4.0	32.92	1.26
AB-15-05	270.0	286.0	16.0	63.18	2.24
AB-15-06	243.0	264.0	21.0	66.46	2.81
AB-15-07	266.0	274.2	8.2	118.19	5.00
AB-15-08	112.0	126.7	14.7	155.23	2.06
AB-15-09	167.0	182.3	15.2	42.45	2.92
AB-15-10	170.3	178.5	8.2	61.75	3.86

True width is about 70% of core length.

2016 drilling

Hole No.	From m	To m	Length m	Ag g/t	Zn %
AB 16-01	365.0	370.0	5.0	200.5 107.8 (c)	1.70
AB 16-02			No significant value		
AB 16-03	359.0	370.0	11.0	21.0	0.46
	370.0	373.0	3.0	36.8	2.06
AB 16-04	209.4	210.0	0.6	14.1	9.40
	254.3	257.3	3.0	123.0	1.12
	291.5	293.0	1.5	62.1	0.05
AB 16-05	214.0	222.2	8.2	25.9	2.24

The true width is about 70% of core length.

Holes AB 16-01 to AB 16-3 were drilled at depths of about 300 meters in the central part of the Abcourt body to improve the classification of inferred resources into indicated resources.

Hole AB 16-01 gave good results.

Holes AB 16-04 and AB 16-05 were drilled at the eastern end of the Barvue body, at depths of 175 to 200 meters and both holes gave good results. These holes were drilled in the same area as the 2015 holes. The pyrite mineralization generally associated with the best zinc values remain strong (3 to 8 %) and this indicates that the zone continues at depth and to the east.

Drilling 2016 – 2017

In December 2016 and January 2017, a surface drilling program totaling 2,462 meters was completed on the Abcourt-Barvue property to improve the classification of some resources and to find depth extensions of the silver-zinc mineralization.

In most cases, excellent results were obtained. See below:

Hole No.	From m	To m	Length m	Ag g/t	Zn %
AB 16-06	211.5	219.0	7.50	66.8	2.66
AB16-07	172.0	176.0	4.00	43.0	1.86
AB16-08	251.0	254.6	3.60	21.9	6.08
AB16-09	220.5	230.5	10.00	47.8	1.55
AB16-10	222.0	231.1	9.10	41.5	3.27
AB16-11	<i>See Note 1</i>				
AB16-11 A	230.0	235.0	5.00	37.8	4.09
	239.0	250.3	11.30	7.4	2.80
AB16-12	160.0	161.93	1.93	12.9	13.80
	275.7	292.4	16.65	4.7	2.00
AB17-01	318.0	319.75	1.75	15.6	0.38
AB17-02	234.0	240.0	6.00	49.8	1.37
	240.0	242.9	2.90	2.2	4.25

Note 1: Hole abandoned due to important deviation.

Most of these holes were drilled to increase the data base on which the inferred resources calculations are based.

True widths represent between 60% and 75% of core lengths.

The intersections were obtained at depths of about 250 meters.

Forward-looking statement

The zinc stocks on the London Metal Exchange have been decreasing rapidly lately and the price of zinc is increasing. The exchange rate of the CAN/US dollars is favourable. During the 2017 period, additional diamond drilling was done to check some resources. The possibility of starting the development of the Abcourt-Barvue project in the coming year looks good.

THE DISCOVERY PROJECT

The Discovery project has 83 cells with a total area of 3,990 hectares. The property is located about 30 km to the north-west of Lebel-sur-Quévillon, Québec. The gold at Discovery is found in quartz-carbonate veins in a deformed and metamorphosed gabbro. The latest calculation of historical resources was made by InnovExplo in 2008. A significant gold mineralization is indicated. As these resources are not considered current by Abcourt, the Company is therefore prohibited under Canadian Securities regulations to publish them.

After the 2008 calculations by InnovExplo, NAP drilled 58 additional holes totaling 32,788.7 meters.

In 2010, North American Paladium (NAP) drilled 40 additional holes totalling 25,481 meters (G.M. 67103) covering sections 900 to 1600E. The A, B and C zones were intersected in what appears to be a network of quartz veinlets containing 3 to 8% pyrite and pyrrhotite in equal amounts. Some good values were intersected in zones A (B-10-197, 5.81 g/t of gold over 3.2 m, B-10-198, 4.36 g/t of gold over 11.6 m, B-10-199A, 4.35 g/t of gold over 3.0 m) and C (B-10-178, 10.7 g/t of gold over 4.56 m, 4.00 g/t of gold over 4.5 m). True width is about 70% of core length.

In 2011, NAP drilled 18 holes totaling 7,307.7 meters (GM 67614) on sections 300 to 1500E. Zones A and B were cut over lengths of approximately one meter B-11-195: 24.5 g/t gold / 1.1 m; B-11-200: 46.0 g/t of gold / 1.0m; B-11-207: 54.4 g/t of gold / 1.0 m: and rarely over more than 3.0 meters, B-11-192: 5.21 g/t of gold over 7.1 m; B-11-200: 48.1 g/t of gold / 4.5 m.

An update of resources is clearly justified, considering the numerous intersections obtained by the 2010 and 2011 drilling campaigns. In addition, the 2011 drilling intersected high gold values in the 1200E zone. This zone is open laterally and at depth. The drilling pattern has to be reduced to increase the level of reliability in certain parts of the Discovery zone which extends more than 2 km long.

FLORDIN PROJECT

The Flordin property is located approximately 25 km to the north of Lebel-sur-Quévillon. It consists of 25 cells covering 2,765 hectares. In 1987 – 1988, an access to the B zone mineralization with a ramp permitted the extraction of two bulk samples. The milling of these bulk sample at the Bachelor Lake mine gave the following results:

5,174 tonnes with a grade of 2.51 g/t of gold in 1987
4,053 tonnes with a grade of 4.25 g/t of gold in 1988

In 2011, the project was re-assesses by Cadiscor with an open pit plan. Again, the Company is prohibited to publish these results.

A total of 157 additional holes were drilled subsequently. Any future work at Flordin should include an update of the mineral resources. In its February 2013 report (GM 67662), NAP reports

several intersections with values higher than 5 g/t of gold between the Flordin and the Cartwright zones. These new intersections will add some tonnage to the resources calculated by InnovExplo.

THE VENDÔME PROPERTY

The Vendome property is located 11 kilometres (seven miles) south of the Abcourt-Barvue property. It comprises 20 cells and 39 claims for a total of 2,426 hectares owned 100% by Abcourt.

In the 1950's, an ore body was discovered and a three-compartment shaft was sunk to a depth of 160 meters (525 feet). Three levels were established at depths of 76 meters (250 feet), 114 meters (375 feet) and 153 meters (500 feet). A total of 2,134 meters (7,000 feet) of drifts and raises were excavated and 540 holes were drilled underground for a total of 66,700 meters (218,776 feet). At the same time, two deposits, the **Barvallee** and the **Belfort** were found on strike to the west by surface drilling. In addition, some holes drilled in the Mogador batholith found some gold values.

In 1987, a surface plant was installed and a short (76 meters) ramp was excavated on the Barvallée part of the property.

In 1998, the Company drilled nine holes for a total of 1,505 meters (4,936 feet) in the Barvallée sector of the zone. Results were very encouraging.

In 2011, four holes were drilled to confirm historical resources and excellent results were obtained. See our Press Release dated August 9, 2011. An evaluation of resources according to NI 43-101 was completed by Mr. Jean-Pierre Bérubé, Consulting Engineer, and a report was published on February 12, 2013. Mr. Bérubé is a qualified independent person. This report was filed on SEDAR.

Here are the 43-101 Vendôme resources:

<u>Category</u>	<u>Tonnes</u>	<u>Grade</u>			
		<u>Au</u> g/t	<u>Ag</u> g/t	<u>Cu</u> %	<u>Zn</u> %
Mesured	347,890	1.46	73.97	0.52	9.78
Indicated	<u>364,332</u>	<u>1.00</u>	<u>47.15</u>	<u>0.74</u>	<u>5.33</u>
Total	712,222	1.23	60.11	0.63	7.50
Inferred	<u>305,769</u>	<u>0.99</u>	<u>36.77</u>	<u>0.49</u>	<u>4.30</u>
Total all categories	<u>1,017,991</u>	<u>1.15</u>	<u>53.10</u>	<u>0.59</u>	<u>6.54</u>

No significant expenditure was done on this property during the 12-month period ending on June 30, 2017.

The development of this property will be synchronized with the development of the Abcourt-Barvue project.

THE ALDERMAC PROPERTY

In January 2007, Abcourt announced that a 4-year option was signed for 100% of the Aldermac property located in Beauchastel township near Rouyn-Noranda, Quebec, Canada. This 303-hectare property is the site of a former mine, serviced by a 495-meter 3-compartment shaft and nine levels. In the past, it produced two million tons of ore with a grade of 1.78% Cu, 0.2 oz/t Ag, 0.02 oz/t Au and 1.50% ± Zn.

Around the old mine and 300 meters further east, where a new ore body was discovered in 1987, historical resources are as follows:

<u>Description</u>	<u>Short tons</u>	<u>Cu %</u>	<u>Zn %</u>	<u>Ag oz/t</u>
Area around the old mine	620,000	1.60 ±	2.00 ±	0.2
New ore body to the east	<u>1,150,000</u>	<u>1.50</u>	<u>4.13</u>	<u>0.9</u>
Total	1,770,000	1.54	3.38	0.6

The historical resources reported above were prepared before the introduction of National Instrument 43-101 (“43-101”). The historical resources have not been verified and should not be relied upon. This being said, Abcourt believes that these estimates, particularly the ones prepared by Wright Engineers, were estimated by competent persons. This statement is made by Mr. Renaud Hinse, professional engineer, President of Abcourt Mines Inc. Mr. Hinse is a qualified person under 43-101.

Drilling in October 2015

During the month of October 2015, a 360-meter hole was drilled to localize a mineralized zone, without success.

Additional work will be done to find the extension of the base metal mineralization.

THE JONPOL PROPERTY

In March 2007, Abcourt announced the signature of a 7-year option to purchase 100% of the Jonpol property located in Dalquier township near Amos, Quebec, Canada. This 880-hectare property was subject to several exploration programs in the past and three shafts were sunk, the deepest reaching a depth of 152 meters.

Several significant gold, silver, copper and zinc intersections were obtained in the drilling.

This information comes from a report by C.M Cooke, senior project geologist for Aur Resources Inc., dated November 1992.

Aur Resources, with whom we had negotiated the first agreement, was amalgamated with Teck-Cominco Limited.

The royalty payable on any future production was sold by Teck to Osisko Royalties.

No expenditure in the 2015 to 2017 period

During the 2015 - 2017 period, no work was done on this property.

OTHER PROPERTIES

Cameron Shear

The Cameron Shear property is located between the Discovery and Flordin. It is owned jointly with Canadian Royalties. The property is located 30 km to the north of Lebel-sur-Quévillon. Various exploration programs over the past 40 years have found a few showings of gold. The most interesting showing is the Riocanex zone which is probably an extension of the Flordin zone. The NAP participation (possibly 50%) in the Cameron Shear zone was sold to Maudore (Aurbec) on March 23, 2013, hence Abcourt has a participation in that project. According to the agreement realized in 2006 between Cadiscor and Canadian Royalties (C.R.), if the participation of a participant is reduced to less than 10%, a 2% royalty is given and will apply to any future production. The buy-back of 1% of this royalty may be realized with a payment of \$1M.

Laflamme (gold)

The Laflamme project is located approximately 30 km to the west of the town of Lebel-sur-Quévillon, in Abitibi, Québec. The property consists in 472 cells covering an area of approximately 24,716 ha held jointly with Midland Exploration Inc. A new gold discovery was made in hole La-11-11 which gave 9.7 g/t of gold over 1.0 meter. In July 2011, Aurbec won a 50% participation in the property but it has not contributed to any exploration work done after December 2012. Consequently, Midland now owns 68.5% of the project and it does some exploration work every year. According to the initial agreement with Cadiscor, if a participant is reduced to 10%, a 2% royalty will be applied to any future production from the property. The buy-back of 1% royalty may be made with a \$1.5M payment.

Harricana (gold)

The 93 cells of the Harricana group are located to the north-west of the Sleeping Giant property and cover 5,238 ha. They are adjacent to that property, in a similar geological context. Its location is strategic.

Dormex (gold)

The Dormex property lies to the south-east of the Sleeping Giant mine. The property is made up of 68 cells covering an area of 6,189 hectares. In 2010, 4,206 meters were drilled by North American Palladium (NAP) in a reverse circulation program combined with a ground and an aerial survey to

generate gold targets in an area often covered with glacial sediments more than 40 meters thick. Good gold values were found in some surface diamond drill holes. Additional drilling is justified.

Vezza (gold)

In 2009 and 2010, Abcourt has acquired by staking 26 cells totalling 736 hectares in Vezza Township, Quebec. This property covered about 8 km along the Casa Berardi-Douay-Cameron deformation zone where several gold occurrences have been reported in the past.

In the period ending on June 30, 2013, four holes (1,011 meters) were drilled on the sediment/volcanic contact, usually mineralized with pyrite and some gold. No significant value was intersected.

During the period ending on June 30, 2013, the Company decided to write-off the value of the exploration and valuation expenses. In the 2014 - 2017 period, several cells were abandoned.

PERSON RESPONSIBLE OF TECHNICAL INFORMATION

The qualified person under National Instrument 43-101 respecting standards of disclosure for mineral projects, who is responsible of the technical information relating to the mining properties of the Company, is Mr. Renaud Hinse, mining engineer, President of Abcourt Mines Inc.

RISKS AND UNCERTAINTIES

RISK FACTORS

In the course of its business and affairs, the Company faces the following risks factors:

Fluctuations in the Market Price of gold and other metals

The profitability of mining operations, and thus the value of the mineral properties of the Company, is directly related to the market price of gold and other metals. The market price of gold and other metals fluctuates and is affected by numerous factors beyond the control of any mining company. If the market price of gold and metals should decline dramatically, the value of the Company's mineral properties could also decrease dramatically and the Company might not be able to recover its investment in those interests or properties. The selection of a property for exploration or development, the determination to construct a mine and place it into production and the dedication of funds necessary to achieve such purposes, are decisions that must be made long before first revenues from production are received. Price fluctuations between the time that such decisions are made and the commencement of production can, drastically, affect the economics of a mine.

Financial Risk

Additional funds will be required in the future to finance the Company's exploration and development work. The Company may have access to funds through the issuance of additional equity and borrowing. There can be no assurance that such funding will be available to the Company. Furthermore, even if such a financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or provide the Company with sufficient funds to meet its objectives, which could adversely affect the Company's business and financial condition.

Exploration and Mining Risks

Mineral resources exploration and development is highly speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not be able to avoid. While the discovery of a deposit may prove extremely lucrative, most exploration efforts are not successful in that they do not result in the discovery of mineralization of sufficient quantity or quality to be profitably mined. Substantial sums may be required to establish ore reserves, develop metallurgical processes and build mining and processing facilities at a given site. **There is no assurance that mineralization will be discovered by the Company in quantities sufficient to warrant mining operations. There is also no assurance that the mining properties of the Company will be brought into commercial production.** The economic life of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size and grade. Other factors include the proximity of the deposit to infrastructure, the production capacity of mining facilities and processing equipment, market fluctuations, possible claims of native peoples and government regulations, including regulations relating to prices, royalties, allowable production, importation and exportation of minerals, environmental protection and the protection of agricultural territory. The effect of these factors cannot be accurately predicted and may prevent the Company from providing an adequate return on investment.

Regulatory Compliance, Permitting Risks and Environmental Liability

Exploration, development and mining activities are subject to extensive Canadian federal and provincial laws and regulations governing exploration, development, production, taxes, labour standards, waste disposal, protection and conservation of the environment, reclamation, historic and cultural preservation, mine safety and occupational health, toxic substances as well as other matters. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing a mine and other facilities in compliance with such laws and regulations is significant. The costs and delays associated with compliance with such laws and regulations could become such that the Company cannot proceed with the development or operation of a mine.

Mining in particular (and the ownership or operation of properties upon which historic mining activities have taken place) is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies within the industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and

could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

Risks concerning titles to Properties

Although the Company has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

Industry Conditions

Mineral resource exploration and development involves a high degree of risk that even a combination of careful assessment, experience and know-how cannot eliminate. While the discovery of a deposit may prove extremely lucrative, few properties that undergo prospecting ever generate a producing mine. Substantial sums may be required to establish ore reserves, develop metallurgical processes and build mining and processing facilities at a given site. There can be no assurance that the exploration and evaluation programs planned by the Company will result in a profitable mining operation. The economic life of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size, grade and proximity to infrastructure, as well as the cyclical nature of metal prices and government regulations, including those regarding prices, royalties, production limits, importation and exportation of minerals, and environmental protection. The impact of such factors cannot be precisely assessed, but may prevent the Company from providing an adequate return on investment.

Outlook

Management will continue to manage its funds rigorously, its primary objective being to optimize return on investment for the Company's shareholders. The Company's development strategy is focused on the discovery of economically-viable deposits that will generate profits from mining and ensure the Company's survival. In applying its development strategy, management will take into account the global exploration context, stock market trends and the prices of gold and other metals.

Competition

The Company competes with major mining companies and other natural resource companies in the acquisition, exploration, financing, development and exploitation of new properties and projects. Many of these companies are more experienced, larger and better capitalized than the Company. The competitive position of the Company depends upon its ability to obtain sufficient funding and to explore, acquire and develop new and existing mineral-resource properties or projects in a successful and economic manner. Some of the factors which allow producers to remain competitive in the market over the long term are the quality and size of an ore body, cost of production and operation generally, and proximity to market. The Company also competes with other mining companies for skilled geologists and other technical personnel.

Permits and Licenses

The operations of the Company require licences and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licences and permits that may be required to carry out further exploration, development and mining operations at its projects.

Volatility of Stock Price and Limited Liquidity

The common shares of the Company are listed on the TSX Venture Exchange and on the Frankfurt and Berlin Exchanges. The common shares have experienced volatility in price and limited trading volume over the last several years. There can be no assurance of adequate liquidity in the future for the common shares.

Dependence on Key Personnel

The Company is dependent on the services of certain key officers and employees. Competition in the mining exploration industry for qualified individuals is intense and the loss of any key officer or employee if not replaced could have a material adverse effect on the business and operations of the Company.

CERTIFICATE

This management's discussion and analysis has been examined by the Audit Comitee and approved by the Board of directors of the Company.

(s) Renaud Hinse

Renaud Hinse
Chief Executive Officer
2017/10/30

(s) Marc Filion

Marc Filion
Chief Financial Officer
2017/10/30